

Representative  
**MARK SCHOESLER**  
Representative  
**DON COX**

• **9th District** •  
**2004 Session Outlook**

**Serving Asotin, Garfield, Franklin, Adams, Whitman and south Spokane counties**

**CONTACTING YOUR  
9TH DISTRICT  
LEGISLATIVE TEAM**



**Representative  
MARK SCHOESLER**  
113 Modular 1  
(360) 786-7844  
[schoesle\\_ma@leg.wa.gov](mailto:schoesle_ma@leg.wa.gov)  
**Rep. Schoesler's  
legislative homepage:**  
<http://hrc.leg.wa.gov/members/schoesler.htm>



**Representative  
DON COX**  
403 John L. O'Brien Bldg.  
(360) 786-7942  
[cox\\_do@leg.wa.gov](mailto:cox_do@leg.wa.gov)  
**Rep. Cox's  
legislative homepage:**  
<http://hrc.leg.wa.gov/members/cox.htm>

**Legislative Hotline:**  
1-800-562-6000

**Legislative information  
on the Internet:**  
[www.leg.wa.gov](http://www.leg.wa.gov)

**State government on the Internet:**  
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House Republican Caucus:**  
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February 2004

Dear Friends,

The Legislature convened January 12, and the scheduled 60-day session will be fast-paced and intense as lawmakers tackle many critical issues, including revitalizing the state's economy, putting people back to work, and restoring public trust in government. To help accomplish those goals, we have advanced an agenda this year comprising policy proposals and strategies aimed at sharpening the state's competitive edge, encouraging business growth and creating new employment opportunities.

We made some important progress during the 2003 session toward achieving those goals, including an overhaul of the unemployment insurance system, reforms to workers' compensation, and passage of a no-new-taxes budget – all emblematic of the Legislature's ability to work together to create a more positive business environment. While we look with pride at those accomplishments, there were also missed opportunities, and we must stay focused and resolute in our commitment to getting Washington back on track.

**As legislators we have a choice in 2004: move forward with an agenda that will help cultivate a robust business environment to attract and keep jobs, or allow partisan politics to derail opportunities to get Washington back to work. We do not underestimate the challenges of rebuilding the state's economic vitality, but without bipartisan commitment, the road back to sustainable economic vitality will be made needlessly more painful for our citizens.**

This newsletter provides an overview of some of the challenges that we are dealing with during the session. Please take a few minutes to look it over, and if you have questions or concerns about these or other issues, please call or write to us. We are always glad to hear from you, and welcome your thoughts and ideas.

Thank you for the honor and privilege of serving you in Olympia.

Sincerely,

Mark Schoesler  
State Representative

Don Cox  
State Representative

## ■ **Creating an economic climate that brings jobs to Washington**

Washington's hostile business environment has hobbled economic recovery, discouraged business development, and left thousands of citizens without hope of job opportunities. We have some heavy lifting to do if we hope to attract new employers here, and to encourage existing businesses and industries to expand.

**The 2003 Legislature did make important progress toward turning around Washington's negative image as a state with a hostile business climate. Our most notable accomplishment was passage of a major overhaul of the unemployment-insurance system — a move that cut \$100 million a year in business taxes.**

Washington's unemployment benefits system has cost employers nearly triple the national average. At \$327.51, the state's weekly jobless benefit was the third highest in the U.S., and claimants could draw unemployment checks for up to 30 weeks — four weeks longer than most states.

The new law — which went into effect Jan. 1 — changed the formula for calculating benefits, basing them on a claimant's annual earnings, rather than the current practice of averaging the two highest quarters in the past four. The new system also trims the length of time a claimant may receive benefits from 30 weeks to 26 weeks when the unemployment rate reaches 6.8 percent or less, and ties unemployment taxes to an employer's record of laying off workers.

**Boeing made it clear that reforming the system was a priority if we expected to have a chance to land its 7E7 assembly-plant project. But, scaling back the system was not just about Boeing, it was also about the thousands of other businesses around the state that deserve our best efforts to reduce the tax and regulatory burdens that stifle growth and perpetuate Washington's competitive disadvantage with other states.**

The regulatory reforms and tax incentives that came out of the 2003 legislative session were a good start, but we must now look toward accelerating our efforts to put Washingtonians back to work.

Here are two areas where we believe reforms are necessary:

### **Workers' Compensation**

Despite a record of poor performance, mismanagement, and an inability to eliminate waste within the agency, the state Department of Labor and Industries proposed raising workers' compensation premiums this year by an average of 19.4 percent — on top of last year's hike of 29 percent.

**The 9.8 percent increase announced Dec. 2 was lower than expected, but it still hits businesses' bottom lines, and underscores the need for major reforms of the system.**

Washington is one of only five states in the country that doesn't allow private workers' compensation policies. The lack of competition with the state-run system is causing great hardship on the 70 percent of Washington's employers who have no other option. The industrial insurance system needs to be opened up to allow insurance carriers to offer private workers' compensation policies to all Washington employers.

### **Minimum Wage**

Washington's jobless rate was 4.8 percent and the state's economic engine was running on all cylinders in 1998 when voters approved an initiative tying increases in the minimum wage to rises in the cost of living. The initiative — passed during the longest period of low unemployment since the "Boeing Boom" in the mid-1960s — pushed the state's minimum wage on Jan. 1 to \$7.16 an hour, **the highest in the country.**

Raising the minimum wage will not put people back to work. At a time when the state is struggling with one of worst economies in the nation, it could cost jobs in areas like agriculture that rely on minimum wage labor.

**There needs to be a balance if we hope to improve the state's competitiveness and protect jobs.**

## ■ **State employees**

We recognize that state employees have not received a wage increase in three years, and their cost of medical insurance continues to rise above the state contribution. This has meant decreases in take-home pay for some state workers. Our budget challenges are difficult, but this session we will make every effort to ensure that the valued state employees we represent don't experience further damage to their wages or benefits.

This underscores the urgency of enacting reforms to help control the spiraling cost of health insurance.

## **Election-year restrictions**

As your state legislators, we make every effort to keep you informed of what is happening in Olympia. However, this is an election year, and under the provisions of Initiative 134, we may send only two mailings during 2004 — this newsletter being the first.

The initiative *does allow us* to respond to your direct requests for information, but other in-district mailings are not allowed. We encourage you to write or call us whenever you have a question or a comment to share on legislation or other matters.

*Mark and Don*

# 2004 Session Report

## ■ Rein in relinquishment

We will be working again this session to address the issue of relinquishment – the “use it or lose it” water management law which provides that a water right reverts to the state if it has not been used in the previous five years. The century-old law leaves water-right owners adrift in a bewildering muddle of bureaucracy, frustration and uncertainty.

To our frustration, the Legislature has made only modest progress toward eliminating or revising the law and protecting farmers from losing water rights. What is needed is a firm, fair and final resolution that both encourages conservation and provides assurances that water rights will be preserved even if they are transferred or the water isn’t used.

**We must recognize water rights as property rights, and press forward with simple and straightforward legislation that applies to *both* ground and surface water, protects and defends water rights, establishes procedures for transfers and changes, and ensures incentives for conservation.**

A bipartisan approach will be necessary to negotiate policy language that can earn support of legislators from both rural districts and suburban communities. We proved we could do it last session with passage of the municipal water bill (HB 1338), and we can do it again.

In addition to long-overdue revisions in the “use it or lose it” rules, consideration should be given to the possibility of establishing an independent agency to deal solely with the state’s water resources – a body that would focus only on water quantity, instead of the existing system in which the Department of Ecology handles both water quantity *and* water quality issues.

## 2004 Legislative Calendar

- ▶ **Monday, Jan. 12** — First day of session
- ▶ **Friday, Feb. 6** — The 26th day of session, and deadline for bills to be passed out of committees.
- ▶ **Tuesday, Feb. 10** — Deadline for bills to clear House fiscal committees
- ▶ **Tuesday, Feb. 17** — Deadline for House passage of bills originating in the House
- ▶ **Friday, Feb. 27** — Deadline for passage of Senate bills by House committees
- ▶ **Monday, March 1** — Deadline to pass Senate bills out of fiscal committees
- ▶ **Friday, March 5** — Deadline to pass all bills out of both House and Senate chambers (5 p.m.)
- ▶ **Thursday, March 11** — Session adjourns (sine die)



*As the ranking Republican on the House Agriculture and Natural Resources Committee, Rep. Schoesler is strongly committed to forging fair, consistent, common-sense refinements to water policy in Washington state.*

## ■ Education

We must strengthen our schools and provide students in our K-12 system with a world-class education. Our caucus will continue its efforts to create a system that rewards successful educators and removes institutional barriers so that we can create the best learning environments and attract the most talented professionals.

Among our education priorities this session:

- Increase educational opportunities for all students by allowing districts to create opportunity schools.
- Strengthen and improve the Washington Assessment of Student Learning (WASL) to ensure that the test is an effective tool in evaluating the performance of public schools.
- Ensure that every classroom has an effective, capable teacher by recruiting, retaining and rewarding quality educators.
- Prevent labor disputes like the costly and divisive teachers walkout last fall that hobbled the Marysville School District.

## ■ Exploring innovative performance contracts for higher education

Our state's outstanding system of higher education is struggling with insufficient resources, increasing demand and rising competition. We need to rethink our goals for Washington's higher education system and translate those goals into a master plan. Ultimately we need to ensure students are completing their education in a timely manner in the most cost-effective manner possible.

Currently there is no mechanism that calls for consistent statewide goals and objectives for Washington's higher education system. As a result, lawmakers, higher education officials and experts throughout Washington came together and identified the need for performance contracts.

Last session the Legislature adopted a bill to examine opportunities to create performance contracts between the state and institutions of higher education. Over the past several months a work group studied the experiences of other states; considered the feasibility of implementing performance contracts in Washington; identified whether amendments to laws may be necessary to implement performance contracts; and developed guidelines and possible models for performance contracts to be used in Washington.

As a result, legislation has been introduced this session which would provide for a comprehensive and disciplined approach to funding our state's higher education system. It would combine institutional flexibility and provide authority to make decisions at the local level with accountability for achieving statewide goals.



*As a public-school teacher, university professor and administrator, and former district superintendent, Rep. Cox brings experience, expertise and energy to his role as ranking member of the House Higher Education Committee.*